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MURRITT

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murritt business machines limited 1969 annual report



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MURRITT

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The annual meeting of shareholders  
will be held at 11 AM on  
Monday December 8th 1969 in  
the New Brunswick Room  
at the Royal York Hotel  
100 Front St. West, Toronto, Ontario.

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	1969	1968	% Change
Net Sales	\$3,089,498	\$1,730,540	+ 78.5
Income before Income Taxes	\$ 310,184	\$ 67,183	+361.7
Net Income	\$ 160,084	\$ 42,183	+279.5
Per Share of Common Stock	\$ .19	\$ .05	+280.0
Current Assets	\$1,386,096	\$ 563,931	+145.8
Current Liabilities	\$ 458,887	\$ 432,963	+ 6.0
Working Capital	\$ 962,405	\$ 130,968	+634.8
Shareholders Equity	\$1,057,245	\$ 186,173	+467.9
Total Assets	\$1,516,132	\$ 619,136	+144.9

**TRANSFER AGENT & REGISTRAR**

The Royal Trust Company

**LEGAL COUNSEL**

Lang, Michener, Cranston,  
Farquharson and Wright

**AUDITORS**

Smith, Nixon & Company

**BANKERS**

Bank of Montreal

## MURRITT BUSINESS MACHINES LIMITED • DIRECTORS AND OFFICERS

### directors

**Robert E. T. Asseltine**  
General Manager  
Photofax Products Limited

**Robert A. Cranston**  
Partner  
Lang, Michener, Cranston,  
Farquharson and Wright

**T. M. Devitt**  
President

**J. L. C. Jenner**  
Registered Representative  
Wills, Bickle and Company Limited

**Harold Ritchie**  
President  
Rotaprint Company of Canada Limited

**Douglas H. Ross**  
General Sales Manager  
Photofax Products Limited

**Peter Schoeffler-Lubbock**  
Vice-President Marketing

### officers

**T. M. Devitt**, President  
**P. Schoeffler-Lubbock**, Vice-President Marketing  
**R. E. T. Asseltine**, General Manager, Western Region  
**D. H. Ross**, General Manager, Western Region  
**S. J. Thomas**, Treasurer  
**R. A. Cranston**, Secretary



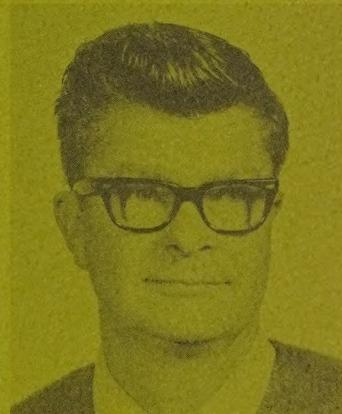
T. M. Devitt



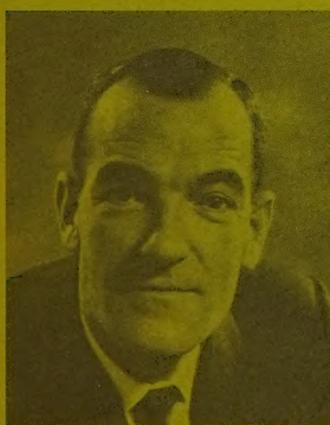
Peter Schoeffler-Lubbock



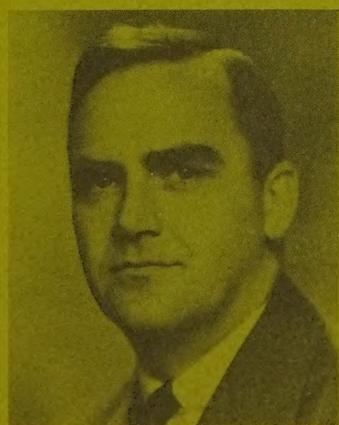
Robert E. T. Asseltine



Douglas H. Ross



S. J. Thomas



Robert A. Cranston



Harold Ritchie



J. L. C. Jenner

## MURRITT BUSINESS MACHINES LIMITED • PRESIDENT'S REPORT TO SHAREHOLDERS

1969 was a year your Company achieved its greatest growth in both sales and earnings. MURRITT expanded its operations in established markets and also laid the foundation for additional marketing outlets across Canada.

Sales in the year ended August 31st, 1969 were \$3,089,498 compared to \$1,730,540 in the previous year, an increase of 78.5%. Net income was increased even more dramatically from \$42,183 to \$160,084 an increase of 279.5%. Earnings per share climbed from .05¢ per share in 1968 to .19¢ per share in 1969.

Your Company opened a branch office in Ottawa and through the acquisition of various Companies will have in operation in the fiscal year 1969-1970 branch offices in London, Edmonton, Calgary, Prince George, Kelowna, Vancouver and Victoria.

Our product line will be expanded in the current fiscal year with the introduction of two new Copiers, the Savin Model 215 and the Savin Model 230, New Microfilm equipment developed by Savin, High Speed Programmed Copier/Duplicators and a complete range of Electronic Calculators.

An Electrostatic Color Process will be available to MURRITT upon completion of development by Savin. We feel the potential for this process can prove to be very exciting.

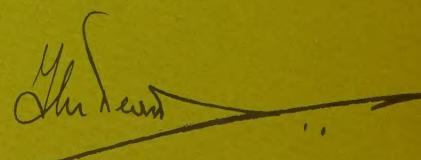
Our new head office in Toronto is under construction and is expected to be completed by January 1970. These leased premises will provide MURRITT with 33,000 square feet, giving greater facilities for Administration, Sales, and Distribution operations.

Since the year end your company established direct marketing operations

in Western Canada by acquiring its three major dealerships in British Columbia.

MURRITT more than fulfilled its objectives in 1969. We believe that our sales growth in 1969 will be exceeded in the fiscal year of 1970. We owe this expansion largely to the enthusiasm and dedication of all our employees. This being our first year as a public company, I would like to welcome our MURRITT shareholders and also to thank our customers, suppliers, and employees for their continued support and confidence.

Sincerely,



President

During fiscal 1968/69 the Company's marketing programme was essentially one of building. Yet we accomplished an unprecedented increase in sales of 78.5%, and we expect this momentum to bring further impressive growth this year.

Specifically we concentrated on two basic marketing objectives during the year. First, the development of a larger, highly specialized sales organization; second, bringing more effective sales power into areas in Canada where our market share had hitherto been inadequate.

The obvious success of these objectives was heightened by the very high degree of user acceptance of the Company's range of products, in particular the Savin 220 book Copier.

**Expansion:** In our efforts to increase the capability of our marketing force, special emphasis was placed on effective sales recruitment and training techniques, and on methods to ensure continued customer satisfaction with the Company's products. This brought about a substantial increase in the size of our sales organization.

**Ontario:** In Ontario alone the number of those directly involved in a creative sales function increased from 12 to 29; while those involved in a sales support or technical capacity increased in number from 9 to 20. The total effort of these combined forces is now focussed, more effectively than ever, on the placement of the Company's copying or Copier/Duplicator products with customers and on ensuring that a high degree of satisfaction with our products brings the continuation of consumable supply sales to those customers.

Branch offices are now established in Ottawa and London, and sales and service centres located in North Bay and Sudbury. All of these areas were previously served by dealers.

The Company's expansion programme in Ontario resulted in two important acquisitions. In Ottawa, now our Eastern Region headquarters under the management of Robin E. Cantlon, negotiations were set in motion with Ken Finlay Limited, a firm specializing in office copying products. The acquisition was finalized shortly after the fiscal year-end, and brought into the Company K. H. Finlay whose long experience of successful marketing in the copying industry will prove a considerable asset.

In London, Ontario, the Company acquired London Photocopy, a firm which had also specialized successfully in the marketing of office copying products. Management of the firm, to be operated as a subsidiary, will remain unchanged under Raymond B. Bright, and will become the springboard for expansion into the lucrative Southwestern Ontario market.

**Western Canada:** The Company's acquisition programme in September 1969 added substantial strength to its marketing force in Western Canada, the beneficial effects of which are already being felt.

Photofax Products Limited, for four years the Company's distributor in Central British Columbia, and more recently Alberta, and Murritt Systems Limited, for two years our dealer in Vancouver, will be operated as wholly owned subsidiaries and are expected to produce a major expansion of the Company's marketing interests in Western Canada.

Robert E. Asseltine, General Manager of the Western organization, Douglas Ross, General Sales Manager, David Stanley and David Conder, managers of Edmonton and Vancouver branches respectively, together form a group of exceptionally talented marketing and management personnel.

This acquisition gives the company no less than six additional branch offices plus eight sales and service centres. It also adds

to our marketing team thirty-five new sales representatives and field managers who will constitute the nucleus for growth in the coming years.

**Products:** Although the Company's product range has been considerably enlarged during the year, the copying equipment manufactured By Savin Business Machines Corporation of New York has formed the backbone of our sales growth.

The Savin 220 book Copier has been the major factor in reaching the high sales levels of the past year. Despite increased manufacturing schedules, we were still in a back order situation at the end of the year. Placements of this electrostatic copier are continuing at a highly accelerated rate due in large measure to its widely recognized reliability and convenience, and in part to new marketing techniques and skills.

The Savin 220's capability in the production of high quality electrostatic offset masters has also been instrumental in the development of new markets for our offset and Copier / Duplicator equipment, of which more will be mentioned shortly.

Other members of the Savin product family have continued to widen our marketing potential. A new coin operated copier, the Savin 222, was introduced during the year and is already proving itself in the expanding University and Library markets. The Company is conducting research into a modified version which will bring the coin operated copier principle within the scope of the grade schools and commercial public access areas.

The Company has concentrated on developing a range of copying duplicating and accessory products which, cater to all possible reproduction requirements, from firms requiring no more than one or two copies a day to those whose annual copying volume is in the millions. As the need for copies grows yearly at a phenomenal rate, it is essential that we

**MURRITT BUSINESS MACHINES LIMITED • BALANCE SHEET**

as at August 31, 1969

ASSETS	1969	1968
<b>Current Assets</b>		
Cash	\$ 89,466	\$ 3,050
Short term bank deposit receipt	100,000	—
Receivables	608,953	320,898
Inventories — at the lower of cost or net realizable value	574,816	235,873
Prepaid expenses	12,861	4,110
	<hr/> 1,386,096	<hr/> 563,931
<b>Fixed Assets</b>		
Furniture, equipment and automobile — at cost	29,239	22,761
Accumulated depreciation	12,716	10,056
	<hr/> 16,523	<hr/> 12,705
<b>Other Assets</b>		
Contracts and goodwill — at cost	96,670	42,500
Deferred financing expenses, less amount amortized	16,843	—
	<hr/> 113,513	<hr/> 42,500
	<hr/> \$1,516,132	<hr/> \$619,136

**APPROVED ON BEHALF OF THE BOARD**

T. M. Devitt Director  
P. Schoeffler-Lubbock Director

MURRITT BUSINESS MACHINES LIMITED • BALANCE SHEET

as at August 31, 1969

	<b>LIABILITIES</b>	
	1969	1968
<b>Current Liabilities</b>		
Bank loan (Secured)	\$ —	\$139,000
Accounts payable and accrued liabilities	289,302	268,528
Deferred revenue	3,656	6,580
Income taxes payable	130,733	18,855
	<hr/> 423,691	<hr/> 432,963
<b>Purchase Agreement Payable (note 2)</b>		
	<hr/> 35,196	<hr/> —
	<hr/> 458,887	<hr/> 432,963
<b>SHAREHOLDERS' EQUITY</b>		
<b>Capital Stock (note 1)</b>		
Authorized —		
2,000,000 common shares without par value		
Issued and fully paid —		
200 preference shares	—	20,000
1,000,100 common shares (31,003 in 1968)	731,750	412
	<hr/> 731,750	<hr/> 20,412
<b>Retained Earnings</b>		
	325,495	165,761
	1,057,245	186,173
	<hr/> \$1,516,132	<hr/> \$619,136

(See accompanying notes to financial statements)

## MURRITT BUSINESS MACHINES LIMITED • STATEMENT OF EARNINGS

for the year ended August 31, 1969.

	1969	1968
<b>Sales</b>	<u>\$3,089,498</u>	<u>\$1,730,540</u>
<b>Earnings Before the Following Items —</b>	<u>426,280</u>	<u>197,443</u>
Remuneration of directors and senior officers	96,495	114,252
Depreciation	4,492	3,653
Financing expenses amortized	5,604	—
Bank interest (net)	9,505	12,355
	<u>116,096</u>	<u>130,260</u>
<b>Earnings Before Income Taxes</b>	<u>310,184</u>	<u>67,183</u>
<b>Provision for Income Taxes</b>	<u>150,100</u>	<u>25,000</u>
<b>Net Earnings for the Year</b>	<u>\$ 160,084</u>	<u>\$ 42,183</u>
<b>Net Earnings Per Share (Note 3)</b>	<u>19¢</u>	<u>05¢</u>

## STATEMENT OF RETAINED EARNINGS

for the year ended August 31, 1969.

	1969	1968
<b>Balance — Beginning of Year</b>	<u>\$165,761</u>	<u>\$130,712</u>
Add: Net earnings for the year	<u>160,084</u>	<u>42,183</u>
	<u>325,845</u>	<u>172,895</u>
Deduct: Dividends paid —		
Preference shares	350	933
Common shares	—	6,201
	<u>350</u>	<u>7,134</u>
<b>Balance — End of Year</b>	<u>\$325,495</u>	<u>\$165,761</u>

(See accompanying notes to financial statements)

**MURRITT BUSINESS MACHINES LIMITED • STATEMENT OF SOURCE AND USE OF FUNDS**  
for the year ended August 31, 1969

<b>Source of Funds</b>	1969	1968
Net earnings for the year	\$160,084	\$ 42,183
Add: Charges not requiring outlay of funds —		
Depreciation	4,492	3,653
Financing expenses amortized	5,604	—
	<hr/> 170,180	<hr/> 45,836
Proceeds from sale of preference stock	—	20,000
Proceeds from issue of common shares, less financing expenses	708,891	—
	<hr/> 879,071	<hr/> 65,836
<b>Use of Funds</b>		
Goodwill portion of acquisition	44,270	—
Less: Purchase agreement payable (Note 2)	35,196	—
	<hr/> 9,074	<hr/> —
Purchase of fixed assets (Net)	8,310	3,442
Redemption of preference shares	20,000	—
Acquisition of franchise contract	9,900	—
Payment of dividends	350	7,134
	<hr/> 47,634	<hr/> 10,576
<b>Increase in Working Capital</b>	<b>831,437</b>	<b>55,260</b>
<b>Working Capital — Beginning of Year</b>	<b>130,968</b>	<b>75,708</b>
<b>Working Capital — End of Year</b>	<b>\$ 962,405</b>	<b>\$130,968</b>

(See accompanying notes to financial statements)

**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have examined the balance sheet of MURRITT BUSINESS MACHINES LIMITED as at August 31, 1969 and the statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at August 31, 1969 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**SMITH, NIXON & CO.**  
**Chartered Accountants Toronto, Ontario, November 18, 1969**

# MURRITT BUSINESS MACHINES LIMITED • NOTES TO FINANCIAL STATEMENTS

for the year ending August 31, 1969

## 1. Capital Stock and Share Purchase Warrants

**Warrants:** By supplementary letters patent dated March 6, 1969:

- (a) 31,003 issued common shares without par value were subdivided into 775,075 issued common shares on a 25 for 1 basis;
- (b) the 1,800 unissued preference shares were reclassified, changed and subdivided into 180,000 common shares; and
- (c) the 8,997 unissued common shares were subdivided into 1,044,925 common shares thus increasing the total authorized capital to 2,000,000 common shares without par value.

During the year the Company purchased for cancellation 200 outstanding preference shares for \$20,000 cash; and pursuant to an underwriting agreement dated February 21, 1969, issued 225,000 common shares without par value together with 112,500 share purchase warrants for an aggregate cash consideration of \$731,250. 25 share purchase warrants were exercised during the year.

112,475 shares of the Company's capital stock have been reserved for issuance upon the exercise of the balance of the share purchase warrants. Each warrant entitles the holder thereof to purchase one common share of the

Company's capital stock at a price of \$3.50 on or before March 31, 1972.

Shares issued subsequent to the fiscal year end are set out in Note 6 under the heading "Events subsequent to the balance sheet date".

**2. Acquisition:** Effective May 1, 1969 the Company acquired the net assets of London Photocopy in consideration for \$23,147 cash and 6,666 common shares of the Company. The balance owing to the proprietor of London Photocopy (shown on the balance sheet under "purchase agreement payable") was discharged on October 8, 1969 (the closing date) by the issuance of 6,666 shares.

**3. Net earnings per share of common stock:** The net earnings per share figures are calculated using the weighted monthly average number of common shares outstanding during the respective fiscal years after giving retroactive effect to the stock split (25:1) on March 6, 1969.

**4. Lease Commitments:** The Company has signed an application to enter into a lease agreement on real property in the Toronto area for a term of fifteen years commencing in January 1970 at a minimum annual rental of \$27,456. Also, the company is presently negotiating a lease on real property in Ottawa for a

term of five years commencing September 1, 1969 at a minimum annual rental of \$6,000.

Rentals under all leases for premises for the year ended August 31, 1969 amounted to \$13,441 (1968 - \$13,192).

**5. Contingent Liability:** The Company is contingently liable for customers' equipment leases purchased by a finance company. As at August 31, 1969 such outstanding leases totalled \$361,073.

**6. Events subsequent to Balance Sheet Date:** Subsequent to the fiscal year end, the Company acquired all the outstanding shares of Photofax Products Ltd. and Photofax Products (Prince George) Ltd. in consideration for a total of 245,000 common shares of the Company. The value ascribed to such shares of the Company by its directors was \$1,102,500 (equivalent to \$4.50 per share).

The Company also acquired all the outstanding shares of Murritt Systems Limited in consideration for 55,000 common shares of the Company and the value ascribed thereto by the directors was \$247,500 (equivalent to \$4.50 per share).

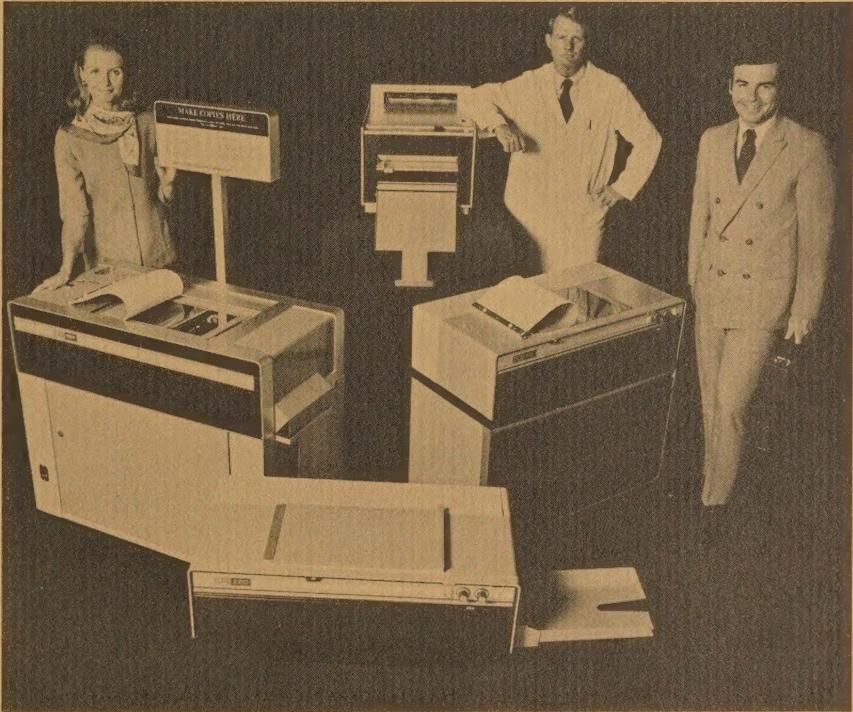
In addition, the company issued 6,666 common shares to the vendor of London Photocopy (See Note 2).

MURRITT BUSINESS MACHINES LIMITED • PRODUCTS

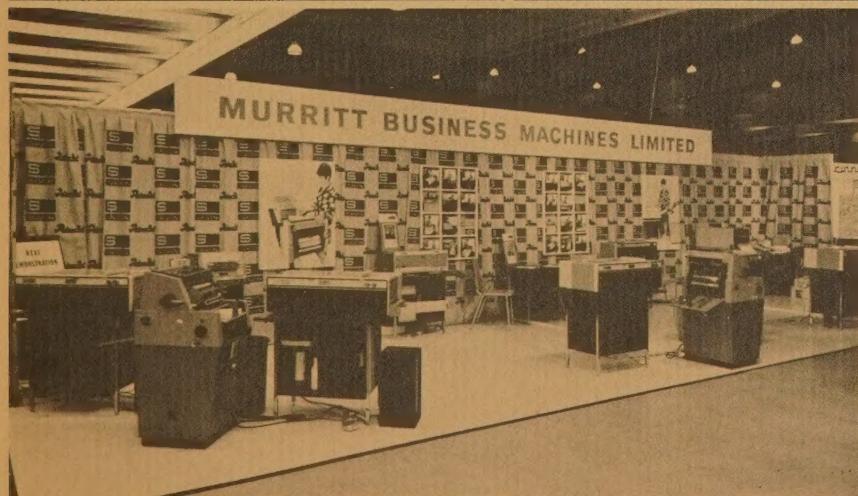
New Low Cost Copier/Duplicator System



The Savin Family of Electrostatic Copiers

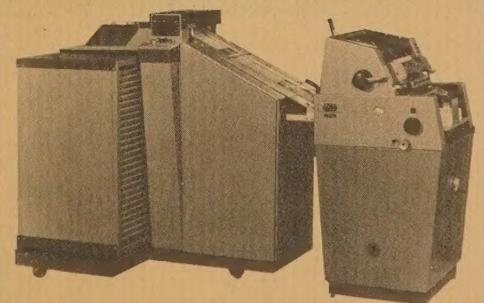


Savin 190 Electrostatic Copier



Murritt Exhibit at Canadian National Business Show

Norfin Callator and Rotaprint Duplicator "on Line"



be able to offer total copy systems, whether they be centralized, decentralized or both. This requirement has been fully realized as a result of the development of our Copier/Duplicator concept, which links the Savin 220 Electrostatic Copier with the Rotaprint Offset Duplicator. This combination produces ordinary paper copies at high speed at costs of less than a cent per copy.

Since a serious byproduct of high volume copy-duplicating is often a problem of collating and sorting the copies, the Company added to its product range the Norfin brand of high-speed collators. These machines can either be attached "on line" to an offset press or duplicator so that printing and sorting are done simultaneously, or operated independently with the aid of a "page-boy" feeder. Norfin collators, which are manufactured in Seattle, can operate at speeds in excess of 20,000 sheets per hour, and can be operated by punch card systems for varying distribution.

A highly successful product, on which

increasing sales emphasis is being placed, is the Roto model F.13 metal offset platemaker. In recent years the Copyrapid process of producing a metal offset plate (developed by the Agfa-Geveart Company of Belgium) has been refined and perfected to the point that a plate of exceptional quality can be produced in normal room light, in less than two minutes, for only 60¢. The Roto Platemaker adds to this process simplicity of plate production and perfect alignment. New and larger models are to be introduced shortly.

**Planning for the future:** Immediate prospects, and those of longer range, call for continuing and substantial growth. Our technical and marketing expertise will reach higher levels of sophistication as the copying and duplicating industry continues its rapid growth.

What of new products? As indicated in the President's message, our suppliers are far advanced in the development of electrostatic colour processes and high speed Copier/Duplicator systems. We expect to lead, rather than follow, industry changes in Canada in the coming years.

Of immediate interest is the fact that two new Savin copiers will be introduced this year, which will help to accelerate the increase in machine population in our marketing area, and to build up our volume of consumable supplies to record levels.

We expect to increase our penetration of specialized markets, such as the educational field, and we are developing a National Accounts programme. We are introducing a new concept which brings the advantages of copy-duplicating to medium volume copying users; this concept employs a significant new method for producing stencils thermographically, in six seconds, in contrast with the time consuming methods of typing a conventional stencil. We have already taken key steps to ensure wide distribution of the thermal stencil itself in Canada through major wholesalers.

Of particular importance, we hope to make continued progress in the area of personnel and organization, since we recognize that these, above all, are the vital elements in our future growth.

# MURRITT

**MURRITT BUSINESS MACHINES LIMITED**

**HEAD OFFICES**

**Murritt Business Machines Ltd. 286 Kipling Ave., S. Toronto 18, Ontario**

**BRANCHES:**

368 Industrial Ave., Kelowna, B.C.  
1039 17th Ave. S.W. Calgary  
10303 124th St., Edmonton  
1628 West 7th Ave., Vancouver  
727C Johnston St., Victoria

1627 Dundas St. E., London  
5B Caesar Ave., Ottawa 12  
819 Lakeshore Drive, North Bay  
240 Cedar St., Sudbury



